

ROUTING

**Top Secret**

219

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NATIONAL INTELLIGENCE DAILY CABLE

Monday 27 February 1978

CG NIDC 78/047C

State Dept. review completed

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Approved For Release 2007/03/06 : CIA-RDP79T00975A030500010092-1

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National Intelligence Daily Cable for Monday, 27 February 1978

The NID Cable is for the purpose of informing senior US officials.

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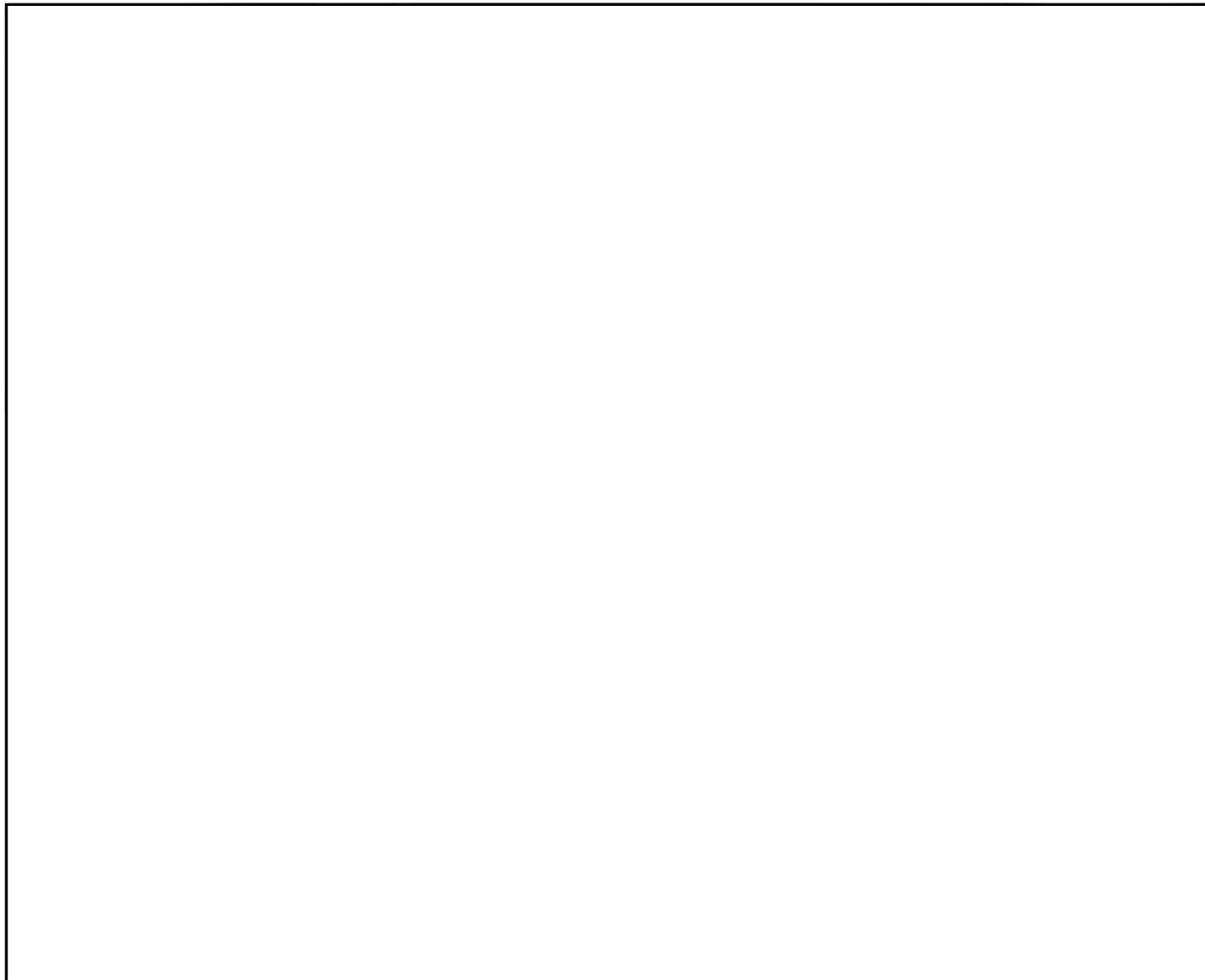
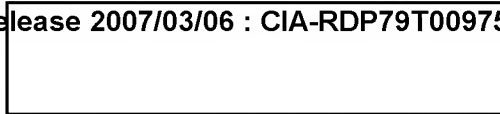
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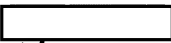
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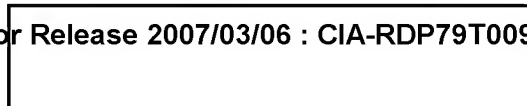
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POLAND: Harassment of Dissidents

 Attempts by Polish dissidents to expand their activities are encountering increased police harassment.

 Since last fall about a dozen hard-core dissidents have been visiting university cities, where they hold seminars in private apartments on subjects too sensitive to be discussed



in regular university classes. These seminars were dubbed the "flying university," and the police made no attempt to stop them. In early February over 50 ranking Polish scholars, including some members of the Academy of Sciences, endorsed the idea of the flying university and openly announced that they, too, would hold lectures outside university auspices.

25X1 [ ] The regime, probably believing that the situation was getting out of control, has directed the police to harass the professional dissidents and to attempt to cow some of the noted academics who do not normally participate in dissident activities. A dissident spokesman has told Western reporters that at least 14 dissidents were detained for up to 48 hours last week for taking part in the lectures. There has been no reporting to indicate whether any of the scholars actually held extracurricular lectures or whether any have been harassed.

25X1 [ ] The regime is walking a tightrope in its policies toward dissidents. A heavy-handed approach would generate sympathy and additional support from broader elements of the intelligentsia. To let the dissidents continue unimpeded, however, would only demonstrate the party's slipping control. The limited harassment thus far does not suggest that the regime is seeking a confrontation with the dissidents. 25X1 [ ]

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NAMIBIA: Settlement Talks Status

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[REDACTED] //South African Foreign Minister Botha has publicly implied that Pretoria is willing to postpone a preindependence election in Namibia in order to keep the door open for a negotiated settlement that would lead to international recognition of an independent government. The South Africans may be seriously considering further concessions toward meeting the Western settlement package; alternatively, they could be hoping that merely keeping the door open will eventually result in favorable revisions of the Western terms. There are indications, however, that the South Africans may be preparing to modify their own transitional program toward observance of at least some Western proposals. They might believe that, in the event of a prolonged impasse, this course would influence the Western sponsors toward eventual recognition of a Namibian government sponsored by Pretoria.//

25X1

[REDACTED] //Last week Botha went to Namibia to inform the South African Administrator General about his meeting in New York with the foreign ministers of the five Western nations that are sponsoring settlement talks. Upon his arrival he announced that the Administrator General in turn will discuss the Western package with prominent Namibians and report their responses to Pretoria. Such a time-consuming process provides a face-saving excuse for the delay in scheduling an election while negotiations between Pretoria and the Western contact group continue.//

25X1

[REDACTED] //Prime Minister Vorster publicly implied in late January that Pretoria would soon announce a date for an election, to be held with or without a truce with the South-West Africa People's Organization and UN participation in the election.//

25X1

[REDACTED] Botha told the press that he found in Namibia a desire for an election date to be set, but also a realization that independence is very important. He reasserted South Africa's commitment to grant independence in 1978, expressed confidence that an election for a constituent assembly could be held "within 10 months," but cautioned that the assembly might not be able to complete its deliberations by the end of the year.



25X1 [ ] This is the first public acknowledgement by a South African official that an election might be deferred beyond mid-1978. Last December Botha told the contact group that Vorster would soon announce his decision to hold an election in June.

25X1 [ ] Following his visit to Windhoek last week, Botha told the Parliament that the government would "lean over backwards" to achieve a settlement agreement, although one appeared unlikely. South Africa, he said, will not allow a takeover by a "Marxist tyranny," even if holding out brings additional UN sanctions and an escalation of guerrilla warfare in Namibia. Botha's statement rebuffed an opposition speaker's call for a full explanation of the impasse in settlement talks, and thus avoided a full debate of interim measures in Namibia.

25X1 [ ] //If Pretoria has in fact decided against unilaterally setting an election date, the most immediate peril to the settlement talks has been dispelled.//

25X1 [ ] //On the other hand, continuing informal consultations between the contact group and a senior South African Foreign Ministry official do not indicate readiness to modify the South African plan to retain at least 3,000 troops in northern Namibia until an independent government is established. The contact group has proposed a residual force of no more than 1,500, to be withdrawn shortly after an election. SWAPO leaders have agreed that 1,500 South African troops can remain, but restricted to a base near the southern border of Namibia.//

25X1 [ ] As for Walvis Bay, the South Africans have merely offered assurances that the present garrison will not be reinforced during a transitional period and that Namibian residents will be permitted to vote in a preindependence election. The SWAPO leaders insist, as a condition for a truce, that South Africa renounce its sovereignty over the exclave.

25X1 [ ] //Although no breakthrough in the negotiations seems imminent, postponing an election would at least point toward a significant shift away from the unilateral transitional program that South Africa suspended last April at the behest of the Western contact group. The multi-ethnic Turnhalle conference had just drafted a constitution that would have maintained the autonomy of the tribal homelands--and the white sector of the territory--within a loose federal structure.//

25X1

[ ] //The conference delegates subsequently formed the Turnhalle Democratic Alliance to compete against SWAPO in the country-wide election proposed by the contact group. The South Africans apparently oppose the Western proposal for a four-month preelection campaign, to begin after UN observers are in place, because it might enable SWAPO candidates--many returning from exile--to catch up with the Turnhalle Alliance.//

25X1

[ ] //Also indicative of a possible shift in South African strategy is the broad spectrum of Namibian leaders that the Administrator General is consulting about the Western settlement package. His first meetings were with a Turnhalle delegation and leading Afrikaner settlers, but he also has scheduled meetings with several other groups, including the Namibian National Front--a coalition of small nonwhite parties opposed both to SWAPO and to the Turnhalle Alliance. In contrast, Botha's consultations about the first round of settlement talks last May were limited only to the Turnhalle group.//

25X1

[ ] If the Administrator General follows through, genuinely broad range consultations will very likely evoke responses similar to the findings of a Western contact group that visited Windhoek earlier this month to inform Namibians about the settlement package. Meetings with delegations from eight political organizations and the major Christian churches indicated widespread belief that the contact group should persist with settlement talks, even if South Africa or SWAPO rejects the present package. At the same time, spokesmen for most groups expressed apprehension that a UN peacekeeping force might be unable to maintain security if South African troops are withdrawn before an independent government is established.

25X1

[ ] In contrast to these pervasive sentiments, the group encountered sharp differences of opinion about the timing of an election. Most delegations from the smaller parties said that even the Western election schedule would not allow adequate time for them to catch up with the Turnhalle Alliance. A number of delegates said that the goal of independence by the end of 1978 was unrealistic.

25X1

[ ] //It is thus likely that delaying an election would not only keep the door open for a negotiated settlement, but also encourage the smaller Namibian parties to compete, resulting in

a larger net turnout at the polls than would result from an election in June. The Namibian National Front, or some of its components, might be dissuaded from boycotting an election; some of its leaders have threatened a boycott if South Africa proceeds unilaterally. The South Africans may carefully weigh such factors, if they hope that international opinion, particularly in the West, will be favorably influenced by a large voter turnout despite a likely SWAPO boycott.//

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ZAIRE: Economic Recovery Scheme

- 25X1 [ ] Zaire is sending envoys to the US and other Western countries early next month to drum up support for President Mobutu's plan for economic recovery. This follows the President's intensive lobbying effort in Europe for his proposal, which he apparently views as something on the order of a "Marshall Plan." Mobutu's domestic political position is likely to weaken if Zaire's economic decline continues.
- 25X1 [ ] Zaire's economy has stagnated since copper prices declined in 1974. Foreign indebtedness has soared to about \$2.5 billion, arrearages have piled up, and inflation has averaged 80 percent annually.
- 25X1 [ ] //Mobutu's plan, urged on him by Belgium, calls for giving control of Zaire's Central Bank and its Ministry of Finance to the International Monetary Fund. The IMF, supported by a team of Belgian and French advisers, would oversee debt, arrearage, import payments, other foreign exchange expenditures, and budget spending. Mobutu's plan also contains vague promises to revitalize agriculture, improve the transportation network, and reform the management of state-run firms.//
- 25X1 [ ] Zaire is asking Western countries to contribute financial aid for projects in the most seriously affected sectors of the economy. Most Western creditors, however, are not enthusiastic about the plan. Zaire has not followed through on the IMF reform and stabilization package to which it agreed in July 1976, and is thus now ineligible for an IMF standby loan.
- 25X1 [ ] The economy has little chance of recovering without outside help. Falling coffee prices this year will further depress export earnings, and the price of copper is unlikely to rebound. Zaire has also been unable to secure loans it previously negotiated, including \$250 million promised during a London Club meeting of US and other private creditors in November 1976 that is still only partially subscribed. [ ]

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#### CANADA: Dollar Depreciation

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[REDACTED] //The Canadian dollar is again under heavy pressure after two months of relative stability. Fearing additional speculation against its currency, Ottawa has increased its intervention in the foreign exchange market. The government hopes to stabilize the dollar without raising interest rates, a move that might slow the already sluggish economy.//

25X1

[REDACTED] //The Canadian dollar has been quoted at less than US 90 cents for more than a week, the longest period of such weakness in many years. The Canadian dollar has rarely fallen below this level, and a breach of this psychological barrier could prompt even heavier speculation.//

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25X1

[REDACTED] //Canada's currency has weakened despite the heavy intervention of the Bank of Canada, and Ottawa is now rushing to give the dollar further support. Finance Minister Chretien announced Wednesday that the government will begin to draw on the US \$1.5-billion standby credit arranged last fall to support the Canadian dollar. In addition, Chretien stated that the government will borrow abroad in order to provide more funds for intervening in the exchange market and to help finance a large current account deficit. This is Canada's first such borrowing in about 10 years.//

25X1

[REDACTED] //The prospect of a further increase in the current account deficit this year probably accounts for part of the Canadian dollar's recent weakness. The decline in Canadian interest rates compared with those in the US, a drop-off in Canadian borrowing abroad since the first of the year, and the deterioration of Canada's foreign exchange reserves during January were also important contributing factors.//

25X1

[REDACTED] //Ottawa has announced that it will not boost interest rates in order to protect the dollar. Rates in the money market are beginning to rise, however, because of the currency's latest weakness, and the government probably will not be able to prevent further increases over the longer run. Massive intervention in the exchange market to stabilize the dollar without raising interest rates would not only be very costly but could trigger even heavier speculation. [REDACTED]

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[REDACTED]

## BRIEFS

## Israel

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[REDACTED] The Israeli cabinet ended its debate on Israeli settlements in the occupied territories yesterday with a brief statement that it "does not need any new decisions" on the matter. A government spokesman, responding to questions, said that he knew of no plan for new settlements in the Sinai but that "there is a plan relating to settlements" on the West Bank.

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[REDACTED] The statement suggests that those in the cabinet who have been pressing for a moratorium on new settlements--hoping thereby to improve the atmosphere for talks with



Egypt--failed to make their point. The pause in new settlement activity in the Sinai, however, is likely to continue, at least until after Prime Minister Begin's meeting with President Carter in mid-March.

25X1 [ ] Some 50 rightwing Israeli activists led by Rabbi Meir Kahane, meanwhile, followed through yesterday on their announced plan to attempt to occupy an abandoned hospital in what was the Jewish quarter of Hebron, a West Bank town. Israeli soldiers were waiting for the activists, who oppose Begin's peace proposals, and briefly detained them after some scuffling. No Arab residents of Hebron became involved in the incident. [ ]

#### India

25X1 [ ] Former Prime Minister Indira Gandhi has scored a major victory in Karnataka, one of three south-central states that held elections on Saturday. Gandhi's faction of the Congress Party emerged with a comfortable majority in the Karnataka legislature. Returns from the other states are not yet available.

25X1 [ ] Prime Minister Desai's Janata Party had no assured base in any of the three states, but in Karnataka it had been expected to benefit from the split in the Congress Party that Gandhi precipitated at the beginning of the year. Gandhi campaigned vigorously in the state, and her triumph there is the first real indication of public backing since her defeat in the national election last March. [ ]

#### Philippines

25X1 [ ] President Marcos announced yesterday that opposition leader Benigno Aquino will not be released from detention to campaign for a seat in the interim national assembly to be elected on 7 April. Marcos said that the Philippines National Security Council had again decided the former senator's release would endanger security and that he would not overturn that decision. The statement alleged that there had been "continuous and unusual interest and pressure" from a foreign government--presumably a reference to the US--for the release of Aquino.

25X1

[redacted] Aquino probably will continue to campaign by proxy. He heads the opposition slate in metropolitan Manila, where the progovernment candidates are led by Imelda Marcos, wife of the President. [redacted]

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USSR-Europe

25X1

[redacted] Senior secretaries of the Communist parties of the USSR, its Warsaw Pact allies, Cuba, Vietnam, and Mongolia arrived in Budapest yesterday for a meeting on unspecified ideological and international issues.

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[redacted] A preparatory meeting of lower level party functionaries was held there last month. The Soviet delegation includes Politburo candidate-member Ponomarev and party secretaries Zimyanin and Rusakov. Among the possible items to be discussed are the handling of the current Belgrade meeting on security and cooperation in Europe and the continuing issue of how the ruling parties should respond to the "Eurocommunism" espoused by some Communist parties of Western Europe, notably its most vigorous proponent, Spanish party chief Santiago Carrillo.

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[redacted]

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